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TAGS: [ECON](#) [ENRG](#) [PREL](#) [PGOV](#) [CH](#) [JA](#)
SUBJECT: EAST CHINA SEA DISPUTE DRAGS ON

REF: TOKYO 1524

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b,d)

11. (C) Summary. The dispute over oil and gas exploration in an area in the East China Sea claimed by both Japan and China is no closer to resolution following a technical experts meeting in April, according to an Embassy contact at METI's Agency for Natural Resources and Energy (ANRE). China's technical experts refused to discuss the disputed maritime boundary that would determine each country's exclusive economic zone (EEZ). Instead, the Chinese insisted on reaching agreement to jointly explore an area unaffected by the border dispute. The next meeting of senior officials on this issue will be held May 25 in Beijing. End summary.

12. (C) Ministry of Economy, Trade and Industry (METI) Agency for Natural Resources and Energy (ANRE) Petroleum and Gas Division Director Shin Hosaka explained to Econoff that during the first Japan-China technical experts meeting in April the two sides had agreed -- at China's insistence -- that the issue over whether to draw the border at the median line between Japan and China in the East China Sea must be excluded from the talks. (Note: Japan and China have never agreed on a border between the two countries. China uses the continental shelf definition of an EEZ while Japan argues that the EEZ boundary lies 200 miles from shore. In an attempt at compromise Japan has proposed the so-called median line that divides the area equally, but China so far has refused to accept this method. The United Nations is expected to rule on the issue by May 2009.)

13. (C) In addition, the Chinese refused to talk about the existence of a geographic fault dividing the oil and gas field, something China has claimed exists (reftel). Hosaka told Econoff he assumed the purpose of the technical experts meeting was to discuss this very issue, but when he attempted to raise it, the Chinese refused to be drawn in, saying it was a border issue. Instead, they insisted on discussing which oil field Japan and China can jointly develop, while Japan protested this was impossible to decide while the median line dispute remains unresolved. China will not consider any fields located in the disputed border area for joint exploration, however. Hosaka opined that unless Japan and China reach an agreement over which field to explore

jointly, the technical experts meetings are worthless but in order for that to occur, the median line issue must be resolved.

14. (C) Hosaka said the next meeting of relevant officials at the level of director-general (roughly equivalent to assistant secretaries in the US government) would take place by the end of May in Beijing after which a second technical experts meeting would be held. (Note: The directors general meetings are now confirmed for May 25 but no date has been set for the technical experts meeting.) Hosaka also wearily expressed his contention that the negotiations would be lengthy and that there was no solution in sight.

Comment

15. (C) Hosaka consistently gives a far more pessimistic view of the East China Sea dispute than the press and to date his assessment has been much more accurate. He is clearly frustrated with the Chinese and seems to believe they are just playing games with Japan. Although willing to push back, Hosaka appears highly doubtful the issue will ever be resolved.

SCHIEFFER